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FM AMEMBASSY QUITO  
TO RUEHC/SECSTATE WASHDC PRIORITY 8094  
INFO RUEHBO/AMEMBASSY BOGOTA 7118  
RUEHCV/AMEMBASSY CARACAS 2773  
RUEHLP/AMEMBASSY LA PAZ NOV LIMA 2152  
RUEHGL/AMCONSUL GUAYAQUIL 3059  
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS QUITO 002543

SIPDIS

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TREASURY FOR MMALLOY AND MEWENS

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [EINV](#) [SENV](#) [PGOV](#) [EC](#)

SUBJECT: ECUADOR ECON WEEKLY: New Central Bank Officials; Repsol  
Hints at Arbitration; New Minister of Environment

REF. A: QUITO 2277

B: QUITO 1680

1. (U) The following is a weekly economic update for Ecuador that describes notable developments that are not reported by individual cables.

New Officials at the Central Bank

2. (U) On November 9, the General Manager and Deputy General Manager and four other high officials resigned from the Central Bank, citing personal reasons. On November 15, the Central Bank Board of Governors (which now has a majority appointed by President Correa) appointed Mauricio Martinez (with 17 years experience in the bank) as the new General Manager and Victor Campoverde as the new Deputy Manager. Both recently participated in a study tour sponsored by USAID where they visited the US Federal Deposit Insurance Corporation and the Institute of Deposit Guarantee in El Salvador. Currently one of the major issues facing the Central Bank is a GOE plan, being led by members of the Central Bank Board, to merge the Superintendence of Banks with the Central Bank.

Repsol Warns Ecuador of Possible Arbitration

3. (U) On November 15, Repsol of Spain suggested that it might seek international arbitration over the GOE's move to increase the State's share of "extraordinary" oil revenues generated by most private oil firms to 99% (Ref A). Repsol spokesman Federico Cruz said, "We are ratifying our position to negotiate in friendly terms with Ecuador; if that fails, we can resort to arbitration." Cruz implied that Repsol would allow six months to reach an agreement before seeking arbitration. Repsol is one of Ecuador's largest foreign operators with a daily output of around 65,000 barrels/day. GOE officials said they will analyze the case when the Minister of Petroleum and Mines, Galo Chiriboga, returns from his visit to South Arabia and Asia.

New Minister of Environment

4. (SBU) In the middle of October, all Cabinet members were requested to present their resignations to President Correa. On November 14, the President accepted the resignation of the Minister of Environment, Ana Alban. The GOE criticized Alban for not providing immediate answers to the UNESCO announcement to place the Galapagos Islands in the list of endangered World Heritage sites. In addition, Alban was censured by Congress when she failed to show

up to defend the presidential shark fin decree in September (Ref B). On November 15, the President designated Marcela Aguinaga, previously the Under Secretary of Aquaculture, as the new Minister of Environment. Aguinaga issued the shark fin decree when she was Under Secretary of Aquaculture.

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